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The Mythology of the Social Impact Bond

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Abstract

Though Social Impact Bonds (SIBs) were first heralded in the UK in 2007, many of their original claims and today's myths built upon them – that they represent a bipartisan approach, generate public sector savings, promote innovation and evidence based policy making and transfer risk from the public sector – have little basis in evidence so far produced.

This contribution explores four myths about SIBs, using recent, more detailed evaluations and assessments, to show that a more cautious approach is needed before further expansion of SIBs and their funding takes place. Against considerable previous theoretical unpinning claimed for these models, this contribution seeks to rectify serious omissions of public policy discourse, including analytical and theoretical literature, as a starting point for the relocation and reclamation of previous roles and territories for public service delivery.

Despite ongoing claims from SIB proponents – including financial intermediaries and others with vested interests in their success, whose fees and transactions costs are confidential - detailed appendices show that substantial funding from Government, Lottery and dormant bank accounts amounts to more in subsidies for SIBs than is generated through external funding from projected private investment.

Introduction

Social Impact Bonds (SIBs) are a recent financial model for public services, usually involving a delivery provider, external private investors and public outcome funders. Much of their development and structure are usually promoted by a 'social investment financial intermediary' – which may also become involved in their delivery. A variety of models is available and will be described later. Their claim is that they raise new sources of private finance, minimise public expenditure and transfer risk to the intermediary and provider – claims examined in this contribution.

Since 2007, SIBs in the UK have grown rapidly, so that the UK accounts for nearly half of all SIBs worldwide (Fox et al., 2017, p. 4). SIBs have also spread beyond the UK. "As of January, 2018, there were 108 contracted impact bonds (103 of them SIBs, 5 of them DIBs) across 25 countries, along with many more in design" (Gustafsson Wright, 2018). But during ten years of SIBs, serious misperceptions and misunderstandings have arisen. This contribution examines four well known myths, based on claims made for SIBs, and finds little evidence to support them.

Firstly, it is claimed that SIBs represent a bipartisan approach across political parties. But this claim is difficult to support. Rather than representing a political consensus across the political spectrum, most progress for SIBs under Labour and Conservative Governments has been through lack of public awareness. Understanding of the procurement process, social investment and SIBs are minimal.

Secondly, there is a widespread myth about a “growing SIB market”, so that on account of this latest variant of privatisation, provision of public services become less reliant on public resources. But there is ample evidence that there are more available public subsidies for social investment and SIBs than external funding from investors. Most SIBs are kept alive through underpinning by a seemingly relentless programme of Government subsidies and promotions. Moreover, because significant transaction costs and ongoing support costs are usually confidential, it is almost impossible to ascertain the actual costs of most SIBs. The role of intermediaries and evaluators, acting as SIB policy entrepreneurs and supply side drivers has been overlooked, with most discussion centred on the role of government. All this obscures the financial flows and real costs of SIBs.

Thirdly, SIB proponents claim that SIBs are progressing within frameworks of evidence based policy. Resulting from this new design for service delivery, they generate savings and increase efficiency through enabling government to finance only those services which are effective. But evaluations so far show little evidence of savings, impact measurement or transfer of risk. Even where measurement has taken place, this either lacks rigour or substance and often both, with few comparisons with other financing models for service delivery.

Fourthly, it is claimed that that SIBs promote innovation, with financial backers supporting start-ups with venture capital, SIBs promote innovation, with their funders taking risks to support new processes. But evidence shows that once set up, many SIBs demonstrate little innovation and reward their investors by minimising risk. But though the roles of intermediaries and supply side drivers has been overlooked, their roles position them with a leading financial interest in SIB development.

Because of lack of evidence for these claims, since many SIB proponents still advance arguments used 10 years ago, this contribution focuses on evaluations and assessments which show that few SIBs are evidence based and that there is minimal public awareness of their existence and operation. A table showing UK SIBs’ political origins is at Appendix One. A chronology of UK SIB funding is at Appendix Two.

In a recent example of continuing claims made for SIBs, in July 2018 local government finance organisations published a guide to alternative service delivery models, using arguments for social investment and SIBs from ten years ago (Robinson et al., 2008; Social Finance, 2009). “Social impact bonds (SIBs) allow governments to try out new social services on a no-win, no-fee basis, bringing in non-government investors to provide funding and transfer risk” (Chartered Global Management Accountant (CGMA) and Chartered Institute of Public Finance and Accountancy (CIPFA), 2018, p. 14). Similar arguments also appeared in a recent assessment of the Birmingham Be Active Programme. “SIBs enable governments to transfer the risk of social innovation to private-sector interests with greater flexibility and resources in exchange for the opportunity to realize a profit while engaged in an altruistic activity. As such, a great number of private-sector organizations view SIBs as a win-win instrument” (Chamaki et al., 2018, p. 2). “Recent reports (eg. Ronicle et al. 2014) have presented SIBs as ‘win, win, win’ opportunities for all parties, but present the ‘benefits of SIBs against no clear comparator ...’ (Giacomantonio, 2017, p. 49).

Methodology

To discover why in the UK more than ten years after their introduction, these same arguments are still made on behalf of SIBs, despite little evidence to support them, this contribution examines several recent SIB evaluations and assessments. Though many contributions advocate SIB developments there are few evaluations of actually functioning SIBs. This contribution therefore relies on this small number, from among these sources:

Figure One: UK SIBs and Evaluations of Public Funding used below

SIB EVALUATION	PURPOSE OF SIB	EVALUATION REPORT
Peterborough 2009 to 2016	First Labour SIB to reduce re-cidivism in pilot re entry programme	(McKay, 2013; Demel, 2012) (Disley et al., 2015, p. 10)
Department for Work and Pensions' Innovation Fund: a three year £30mn pilot from April 2012 till November 2015	10 SIBs and 100% PbR funding for projects targeted on young people aged 14 and over who were disadvantaged or at risk of disadvantage.	(Department of Work and Pensions, 2014, p. 28) (Center for Social Impact Bonds, 2013) (Arena et al., 2016, p. 932)
Early Cabinet Office and Big Lottery SIB support programmes: Social Outcomes and Commissioning Better Outcomes Funds	Programmes of central Government funding which provide around 50% of SIB total project costs	(Ecorys Research and Consulting, 2017; Ecorys Research and Consulting Ltd, 2016a, 2016b)
Policy Evaluation Research Unit Review	46 papers reviewed. 29 relate to PbR programmes, 15 to SIBs and one PbR/SIB.	(Fox and O'Leary, 2017, p. 5)
Policy Innovation Research Unit review	32 SIBs in England and Wales between 2010 and 2015 and 20 SIBs in the US	(Albertson et al., 2018, pp. 49–56; 72–75).
SIB Trailblazers' Evaluation	Final Evaluation Report on nine 'SIB Trailblazers in Health and Care	(Fraser et al., 2018, p. 100)

But even among this small number of evaluations, many are written by intermediaries or evaluation agents as policy entrepreneurs. An analysis of 55 'practitioner reports' showed that only 4 were "unequivocally negative in their assessment" as well as their "critical tone couched in anti-neo-liberal discourse" (Maier et al., 2017, p. 6). All of this lends weight to the analysis below showing the lack of evidence which supports SIB promoters' claims.

To support conclusions from evaluations, there is further elaboration in two chronological tables below presented as appendices. Appendix One gives a political chronology and lists main milestones, including their political significance – which is useful in a critical review of the claim of bipartisanship. Appendix Two provides a list of the public funds dedicated to SIBs and to social investment, which is useful to review claims of government savings and good public management made within the second and third claims made above. This contribution now proceeds to examine the claims made for SIBs.

The Myth of Bipartisanship

Initial SIBs' promotion and the launch of the UK's first SIB came from Labour (Disley et al., 2015; Robinson et al., 2008). On account of these origins, some contributors argue that SIBs have a bipartisan

appeal, because they are “basically supportive of governmental welfare-spending, but combine this with a risk-shift to private investors and a promise of market-like incentives” (Maier and Meyer, 2017, p. 7). Others reach similar conclusions. “A revisioning of SIBs might suit a more left-wing agenda ...

Since 2010, many small civil society organisations have collapsed in the UK and others have had to merge as size has become the key to survival. Might SIBs eventually offer a way to address this trend and recognise financially the value of local deliverers with smaller caseloads but higher quality?” (Tsukamoto et al., 2018)

Though these early Labour initiatives enabled Conservative policies for the financialisation of welfare delivery to be pursued with vigour, it is largely public ignorance of these Labour origins which has enabled claims of bipartisanship. Appendix One below shows that policies for payment by results, output measurement, social investment and SIBs, which have all come from the left of British politics, began with Cohen’s Social Investment Task Force, under Labour Chancellor Gordon Brown (Cohen and Social Investment Task Force, 2010, 2005, 2003, 2000). From 2000 onwards, Ronald Cohen and others claimed that venture capital can “harness the most powerful forces of capitalism: entrepreneurship, innovation and capital to tackle social issues more effectively” and “connect [social sector organizations] to the capital markets” (Chiapello and Godefroy, 2017, p. 178). Alongside Cohen’s Reports, SIBs were recommended from Brown’s Council on Social Action in 2007. “(S)ocial investors could be persuaded to take on implementation risk (the risk that given interventions will genuinely improve social outcomes) that has previously been borne by government” (Robinson et al., 2008, p. 24). Among these policies is an important but often neglected report from David Freud to James Parnell, as Labour Secretary of State for Work and Pensions in 2007, advocating payment by results to private contractors to shift more Annually Managed Expenditure from the £37bn spent on working age benefits into £420mn of Departmental Expenditure Limit programmes. Freud is now a Conservative member of the House of Lords and until recently was a Conservative Government Minister. Through its advocacy of a significant reclassification for tighter control of public expenditure and extending payment by results, his report paved the way for SIBs (Freud, 2007, p. 67). This Labour political context for launching SIBs is frequently overlooked.

Though social investment and SIB policies all came from the left of British politics at the highest level, rather than reflecting bipartisanship, it is a combination of widespread public ignorance, lack of accountability and generous government subsidies which have led to the continuation of SIBs without significant political challenge or debate, as shown below.

Little Parliamentary and Public Accountability

When Prime Minister May spoke on mental health service reform in January 2017, she referred to UK “global leadership on SIBs” with £50mn to support “those with mental health issues back into work” (May, Theresa, 2017). The few reactions to her speech showed little understanding of SIBs, for though there is no UK SIB programme for mental health, no one challenged her statement. The nearest approximation is the Life Chances Fund (Cabinet Office, 2016a). Mental health service users do not feature in its guidance (Cabinet Office, 2016a, p. 3).

Mental health features in only 4 of 22 latest Life Chances projects to be funded, appearing as an afterthought (Department for Digital, 2018). So Maier and Meyer are realistic when they write that few voters even know what a SIB is, and even less about specific contracts (Maier and Meyer, 2017, p. 3).

Another example of a complete lack of public and Parliamentary awareness has been the 2017 Annual Report of the Reclaim Fund – to which dormant bank accounts are transferred – which shows that £425mn of dormant assets money in England has been transferred to Big Society Capital, the Government’s social investment and SIB wholesaler. From this transfer, in January 2018, almost £700m was potentially available to support good causes (Ainsworth, 2018). Despite these significant sums, there is little public awareness of what happens to dormant bank accounts, most of which were previously owned by those now deceased, enabling the Government, largely without Parliamentary questions or challenge, to provide ongoing subsidies for social investment and SIBs.

Beyond this, despite various extensions of SIB funding shown in Appendices One and Two, there has been minimal Parliamentary consideration of social investment and SIBs. Both Houses of the UK Parliament, Commons and Lords, have their own Select Committees, which shadow the work of UK Government departments, hold hearings and publish reports. A unique opportunity for greater accountability was missed by the House of Lords Select Committee on Charities, during hearings on Charities between July and December 2016. On Tuesday 25 October 2016, the Chief Executive of Esmée Fairbairn Foundation, one of the UK’s largest independent foundations, referred to “an unspoken expectation that philanthropic capital will come in to take that risk on the outsourcing of public services” and continued “we do not feel that underwriting statutory risks and costs or private sector risks and costs is a particularly good use of philanthropic capital” (House of Lords Select Committee on Charities, 2016a). Despite her previous experience as Chief Operations Officer with Big Society Capital during its initial formative period for promoting SIBs, she was not asked any questions on this.

Similarly, the Chief Executive of the influential intermediary Social Finance, which in August 2009 published the first UK SIB implementation guidance (Social Finance, 2009) and in April 2010 set up the Peterborough SIB, presented dramatic evidence about social investment difficulties for smaller third sector organisations. “The sub-£150,000 marketplace needs subsidy.... the valley of death of investment is £50,000 up to £250,000 for normal commercial businesses” (House of Lords Select Committee on Charities, 2016a). He was not asked any questions. On Tuesday 29 November 2016, the Chief Executive of Big Lottery, which provides and administers substantial funds for SIB support, was not asked questions on SIBs (House of Lords Select Committee on Charities, 2016b).

After six months of receiving oral and written evidence, the Select Committee’s Report in March 2017 was bland. Without questioning fundamentals, the strongest criticism on SIBs was “The expectations placed upon Social Impact Bonds have yet to materialise and we believe the Government’s focus on them has been disproportionate to their potential impact”. The Committee concluded that future public funding should be reoriented from SIBs “towards financial products with application to a wider range of charities and beneficiaries” (House of Lords Select Committee on Charities, 2017, p. 86).

The Myth of a SIB Market and Government Savings

Despite ongoing heavy subsidies – as shown in Appendices below - UK governments have propagated the myth of a ‘growing SIB market’ which leads to Government savings. But from their inception, SIBs were fed by Labour Government Cabinet Office and Big Lottery funding programmes, to promote SIBs to attentive new local authority and NHS transformation and sustainability officers (Department of Health, 2017; Local Government Association, 2017; National Audit Office, 2018). With

career progression based on their survival amidst public sector austerity, they are encouraged by Government, Big Society Capital and Big Lottery funding and subsidies. Many SIBs are driven by the need for reducing public spending. “The National Audit Office estimates a 37% real-term reduction in government funding to local authorities between 2010/2011–2015/2016” (Hoare, George et al., 2016, p. 8). There were also early warnings of SIBs’ limited role and their need for subsidy. “New Philanthropy Capital (NPC)’s view is that social impact bonds are generally best used to test out innovative ideas rather than funding established delivery models that may be cheaper and easier to fund in more conventional ways” (Hoare, George et al., 2016, p. 24).

There were also early warnings of the need for substantial Government support. With private investors unwilling to fund large service projects and foundations lacking resources to support such projects, “government may need to make money available through the creation of new social investment funds, as has been the case in the U.K. and the U.S (Loxley, 2013)” (Joy and Shields, 2013, p. 49).

The UK total SIB ‘market’ is worth an estimated £153mn (maximum contract value) – which is less than 1% of the estimated £15bn market for payment by results (PbR) contracts (Floyd, 2017a, p. 3). Despite this, to subsidise social investment and SIBs, as listed in Appendices, from 2002 to 2017 there has been a total of £1,062,720,000 from main programmes funded by Government Departments and Big Lottery, (Floyd, et al., 2017, p. 22), offered through 120 social investment intermediaries (Floyd, 2017b). This means that the total combined Government and Big Lottery SIB subsidy is bigger than actual external investment in SIBs (Floyd, 2017a, p. 21):

“a conservative estimate of the total subsidy provided to the SIB market between 2010 and 2016 (£45mn) exceeds an optimistic estimate of the total investment by socially motivated investors (£39 million). Every £1 invested in a UK SIB has been supported by at least £1.15 of government money”.

Despite these extensive subsidies, most external private investment has come from trusts and foundations persuaded by Government, rather than from ‘high net worth private investors’. CAF Venturesome made investments of more than £40mn in 500 charities and social enterprises. The Esmée Fairbairn Foundation, the UK’s largest trust, invested £45mn in 120 investments (Floyd, et al., 2017). Most Trailblazer SIB finance (see Figure One) was from organisations primarily ‘philanthropically or socially minded,’ with “little evidence that the opportunity to invest in the Trailblazer programmes was perceived by more commercially minded private investors as offering a sufficiently attractive new investment opportunity (Wilson 2014)” (Fraser et al., 2018, p. 134).

In Figure One above, early evaluations of Cabinet Office and Big Lottery SIB support programmes confirm the critical role of central Government funding in providing around 50% of SIBs’ total project cost (Ecorys Research and Consulting, 2017; Ecorys Research and Consulting Ltd, 2016a, 2016b).

One example is the “Deep Dive Report” into Ways to Wellness, an early UK health SIB, promoted by Newcastle Gateshead Clinical Commissioning Group (CCG), which uses social prescribing to improve long term health outcomes. “The total expected outcomes payments made to Ways to Wellness in its first six years of operation are £8.2mn, of which £5.2mn (64%) will be paid by the CCG, £2mn (24%) by Commissioning Better Outcomes (CBO) and £1mn (12%) by Social Outcomes Fund (SOF)”. An independent review by North East Quality Observatory Services indicated net savings to Newcastle West CCG of between £2mn and £7mn” (Newcastle Clinical Commissioning Group, 2017). But this is less than the SIB programme’s total revenue cost of £10mn.

The Final Trailblazer Evaluation (see Figure One above) covered 9 SIB projects and similarly confirmed a need for subsidy. Only one Trailblazer reported having made cashable savings during the evaluation period as a result of a SIB-financed interventions (Fraser et al., 2018, p. 1). Similarly, there is no financial risk to the commissioners of the Worcestershire Reconnections SIB if the project fails to deliver and only 51% of outcome payments are from commissioners. “The other 49% of payments for the SIB come from additional outcomes funding from the Cabinet Office Social Outcomes Fund (SOF) and the Big Lottery Fund’s Commissioning Better Outcomes Fund (CBO)” (Fraser et al., 2018, p. 76). These evaluations show that many outcome payments were typically paid not by local commissioners from savings generated by client outcome improvements but by central government and national charities such as the Big Lottery (Fraser et al., 2018, p. 142).

Worse than this, the Final Trailblazer evaluation concludes that in the absence of financial savings, in four out of five Trailblazers, successful achievement of outcomes may come at increased cost to local commissioners, at least in the short to medium term, when set-up costs are taken into account (Fraser et al., 2018, p. 13). Other contributors also echo caution. “In the UK, £220bn was spent on social and health services (2015/2016), yet we know very little about the effectiveness of that expenditure” (Gustafsson Wright, 2018).

Effectively, these evaluations demonstrate that local authority and NHS transformation officers now view Government or Lottery SIB contributions as match funding their own funds for projects in their existing programme pipelines. Support for SIBs is seen simply as another Government funding programme, with the added inducement of Government funding for most feasibility studies.

Transaction Costs in Confidence

Both in the US and UK, many SIBs are promoted by intermediaries and policy entrepreneurs. “Since 2011, the GPL (Harvard Government Performance Lab) has provided pro bono government-side technical assistance on 84 projects, supporting leaders of 61 jurisdictions in 28 states in using new data-driven public management tools to achieve better outcomes” (Harvard Kennedy School of Government, 2018). A UK policy community is emerging, which includes Newcastle University Business School, London Universities’ Policy Innovation Research Unit (PIRU) and Manchester Metropolitan University’s Policy Evaluation Research Unit (PERU). Many in academia provide regular updates and blogs to enhance their reputation as evaluators and intermediaries. “(States) are actively encouraged to do so by new actors who propose to use the mechanisms of finance to do good, and are also on the lookout for new asset classes to expand their activities” (Chiapello, 2015, p. 32).

“In many instances, as Ronicle et al (2016) observe, the development of SIBs is thus driven by service providers and intermediaries”. A provider-led SIB can thus change the dynamics of the relationship between commissioners and service providers, creating more of an equal partnership rather than a service design led by the commissioner (Albertson et al., 2018, p. 17). But most costs remain unknown since most SIB negotiations for transaction costs are commercially confidential. “Those actors usually receive a fixed payment. They are not just impartial brokers and assessors of the SIB; they are also interested in making the SIB as such into a success, to keep them in business in this emerging field (eg. (KPMG 2014))” (Maier and Meyer, 2017, p. 5).

There are few publicly available figures for expenses incurred in structuring and managing SIBs. Not only the lead contractor or intermediary, but also advisors and independent assessors, including for impact measurement, must all be paid. Evaluations above show that Government and Lottery outcome payments contribute to these costs. There is little information on what portion of a SIB's annual investment goes to fees for service deliverers and what portion is consumed by start up and ongoing transaction costs. For the initial US State of Maryland Re-entry Bond - a variant of the UK Peterborough SIB - McKay writes "Given the costs of attorneys, consultants, program evaluators, the potential for a return on investment to third-parties, and a second tier of program managers, using a SIB relative to direct financing will therefore increase pressure on the budget, as the government must set aside more funds than even the investors provide to the program" (McKay, 2013a). McKay concluded that even doubling the programme size does not alleviate negative fiscal impact. "Given these dynamics, even under optimistic assumptions, it is apparent that a highly effective program cannot self-finance" (McKay, 2013b, p. 9).

Other evaluations show high SIB commissioning costs (DCLG, 2014c; Sin and Roberts, 2016), but few quantify these. The Worcestershire Reconnections SIB cost nearly £200,000 to develop (ATQ Consultants and Ecorys, 2016a) and the Social Finance Mental Health and Employment SIB for six local authorities cost £150,000 (ATQ Consultants and Ecorys, 2016b) (Albertson et al., 2018, p. 86).

McKay echoes this in further comments about the Peterborough SIB, where payments were based "on an undisclosed, negotiated value that includes consideration for the cost savings to the government but was ultimately based on negotiations between the government and third parties, representing an acceptable level of return for the third party intermediary and investors" (McKay, 2013b, p. 3). "An independent evaluation, commissioned by the U.K. Ministry of Justice and conducted by RAND Europe found that the re-entry pilot program in Peterborough is "too small to deliver substantial 'cashable' savings (monetized benefits)" (McKay, 2013b, p. 10). Others have questioned whether costs of SIB establishment and operation - which have not been calculated in the UK or elsewhere - might outweigh any savings from improved outcomes. This surely raises the issue of whether extensive resources which fund SIBs would be better spent on improving other commissioning approaches (McKay, 2013; Demel, 2012) (Disley et al., 2015, p. 10).

"SIBs have commensurately higher fixed transactions costs relative to other forms of government commissioning, and these costs are probably unavoidable (see esp. Azemati et al. 2013; Demel 2012; Warner 2013). ...at minimum, this includes the investors, but may also include an intermediary and an evaluator to ascertain that required outcomes have genuinely been obtained" (Giacomantonio, 2017, p. 51). Azemati et al. (2013, 27) estimate that SIB fixed costs will likely only be worth incurring for a SIB contract of 'at least \$20 million' (Giacomantonio, 2017, p. 51).

"As Demel (2012) rightly notes, it is unreasonable to believe that the addition of so many extra actors – including investors and intermediaries alongside commissioners and service providers – into a service contracting situation can result in lower transaction costs, and empirical findings to date bear this out" (Giacomantonio, 2017, p. 59).

The Myths of Evidence Based Policy and Transfer of Risk

A third major claim frequently made for SIBs is that they exemplify evidence based policy, so that commissioners make payments and investors receive rewards only if a SIB is successful. But this is rarely demonstrated in practice.

Frequently, impact evaluation is patchy. “We have found that very few UK SIB programmes have yet been subject to impact evaluation, and that some are not subject to any evaluation. PbR innovations are adopted nationally before the pilot has been evaluated (sometimes even before the pilot has been concluded)”. The US, like the UK, provides insufficient evidence to allow us to be sure the approach is worthwhile. Only three evaluations have yet been published (Albertson et al., 2018, p. 111). “More recent empirical studies of UK pilot SIBs suggest that robust counterfactual groups are often hard to find and thus not prevalent in approaches to evaluating or measuring their outcomes” (Tan et al. 2015; DWP 2014).

Within a Policy Evaluation Research Unit review of PbR and SIB evaluation evidence of 58 papers and 48 methodologies, of 46 papers reviewed, 29 relate to PbR programmes, 15 to SIBs and one covers both a PbR programme and a SIB (Ministry of Justice 2014). The majority were published by the UK government departments that commissioned them. 37 are primarily implementation reviews that use either exclusively qualitative methods (typically semi-structured interviews and reviews of project documentation) or a mix of qualitative and quantitative methods (typically a survey of service providers or service users combined with semi-structured interviews) (Fox and O’Leary, 2017, p. 5). “These evaluations typically rely on existing administrative data sets and often report challenges in accessing data or the poor quality of the data sets they are able to assemble prior to analysis (see for instance Bewley et al. 2015 and Newton et al. 2014)....For example, Ministry of Justice (2015) reporting on the final reconviction results for the HMP Doncaster Payment by Results pilot uses a historical comparator group” (Fox and O’Leary, 2017, p. 6).

The Final Trailblazers’ SIB evaluation showed that no efforts were made to demonstrate that the SIB intervention had (causally) generated the outcome which attracted payment. Three out of four sites, implicitly assumed “that the intervention was responsible for observed outcomes, while in the other, a pragmatic decision was taken to pay the provider as through the full outcomes target had been met, due to issues with accessing individually identifiable data” (Fraser et al., 2018, p. 100). “In all but one of the SIBs in the UK that have paid out to date, payment is based on meeting performance targets, not on counterfactual impact evaluation.....There was little or no mention of capturing wider social outcomes that might be linked to outcomes-based commissioning - eg mobilising communities, building social capital, creating conditions for innovation” (Fox and Morris, 2017, pp. 8, 10).

The Policy Innovation Research Unit undertook a review of 32 SIBs in England and Wales between 2010 and 2015 and 20 SIBs in the US (Albertson et al., 2018, pp. 49–56; 72–75). The review found that much literature was either an analysis of the SIB concept (eg. Mulgan 2010, Fox and Albertson 2012) or literature reviews, sometimes combined with small-scale surveys of stakeholders (eg. Ronicle et al. 2014, Jackson 2013). In a recent, structured review of SIB literature, Tan et al. (2015: 5) searched a number of databases but found “little empirical data about SIBs has been produced to date”, with “a much larger academic, policy and ‘grey’ literature focused on the theoretical impacts of SIBs in funding and providing public services” (Fox et al., 2017, p. 12).

These findings are echoed in a comprehensive Brookings Institute report on the first five years of SIB experience worldwide, which shows almost 30% of SIB evaluations based on Validated Administrative Data on special education, placement in care (residential or foster care), employment status, and incarceration, rather than Historical Comparisons, Quasi Experimental methods or Randomised

Control Trials (Gustafsson-Wright et al., 2015, p. 20). These are not sophisticated assessment techniques.

As shown in Figure One above, the Department for Work and Pensions' Innovation Fund was a three year £30mn pilot from April 2012 till November 2015, based on 10 SIBs and 100% PbR funding for projects targeted on young people aged 14 and over who were disadvantaged or at risk of disadvantage. The DWP's own evaluations are not straightforward. No projects were allowed to fail and investors went to considerable lengths to support and build the capacity of providers struggling to generate sufficient outcomes for financial viability (Department of Work and Pensions, 2014, p. 28). "(T)he bidders can "pick and mix from this list" and they can propose the payments associated to each proxy outcome (Center for Social Impact Bonds, 2013)" (Arena et al., 2016, p. 932).

Perhaps the most pragmatic UK evaluation concerned Bridges Fund Management's 'It's All About Me' Adoption SIB. Without any evaluation of impact, the Cabinet Office simply stated that no children would have found a home without the SIB and that the deadweight was therefore nil (Albertson et al., 2018, p. 104).

Risk Transfer

Alongside claims of evidence based policy, SIB proponents also claim that SIBs transfer risk from the public sector to intermediaries and private investors. But little actual risk transfer takes place. The Trailblazers' Final Report shows that "SIBs are often presented as an opportunity for commissioners and providers to transfer the financial risk of paying for services that are not effective to private or social investors. However, financial risk was not always transferred from public commissioners or providers to private or social investors in the Trailblazers" (Fraser et al., 2018, p. 127).

In several cases, transfer of risk simply does not take place. "(T)he financial structure of several SIBs includes mechanisms to lower investors' risk by protecting their principal through philanthropic or public money or engaging other actors, such as the service providers, in sharing this risk" (Arena et al., 2016, p. 930). The UK National Audit Office found little evidence of little payment by results risk transfer. Evidence suggests that private sector providers are averse to taking on financial and reputational risks as part of PbR contracts. "It is by no means clear that, when considered in its entirety, the UK Government's PbR approach has resulted in cost and risk reduction (NAO, 2015)" (Albertson et al., 2018, p. 111).

Many contributions give repeated warnings of the need to 'de risk' SIB projects to encourage investment, including both initial and final Trailblazers' Evaluations. Though private finance might help commissioners with innovative responses, the responsibility for tackling these issues ultimately rests with the public commissioner. From this perspective, the benefits of SIBs may be more limited than anticipated" (Fraser et al., 2016, p. 12). It was difficult to assess the nature and level of risk assumed by the SIB specialist organisations since there was little information on how they were remunerated (Fraser et al., 2018, p. 95).

American experience is similar. Private investors do not appear willing to invest in proven programs, even with high returns, unless their risk is guaranteed by a subordinated investor. "The current scarcity of Programme Related Investments (PRI) activity does not provide much hope for large-scale foundation involvement in SIBs, unless one of the major foundations, such as Rockefeller, Gates, or Ford, decides to take the lead to help prove the model" (Bafford, Beth, 2012, p. 13). SIBs' long-run future probably requires philanthropies to play a central role, not unlike the role they played in the

early days of financing for low-income housing (Manpower Demonstration Research Corporation, 2016, p. 16).

Comparison with other Funding Regimes

The SIB Trailblazers Final Evaluation concluded that it was not possible to answer questions about whether SIBs deliver improved social outcomes and cashable savings for the public purse, compared to conventionally procured services. “We cannot quantify whether SIB contracts enabled the achievement of better outcomes than other contractual arrangements Eight years from the launch of the first SIB at HMP Peterborough, the only quantitative evaluations of any of the effectiveness of the interventions delivered by UK SIBs are the year one (Jolliffe & Hederman, 2014) and year two (Anders & Dorsett, 2017) analyses of the Peterborough cohort data” (Fraser et al., 2018, p. 16). “(I)n four of the five Trailblazers, there was no outcome analysis against a counterfactual, thus it was impossible to judge robustly whether the outcomes achieved were a product of the SIB-financed intervention or not” (Fraser et al., 2018, p. 19).

Floyd argues that out of 32 UK SIBs, 28 relied on administrative data, which does not measure SIB performance against a counterfactual, though some advocates even argue that a commissioner’s expectations of performance without SIB funding are the equivalent of a counterfactual” (Floyd, 2017a, p. 10). Warner (2012) emphasizes the relative ‘openness’ of public sector contract making and contrasts this with the closed nature of private sector contracts such as SIBs” (Fraser et al., 2016, p. 9).

There is “very little rigorous counterfactual comparison of SIBs versus alternative methods of finance to deliver the same service to the same type of users, and thus a lack of evidence of costs and benefits compared with the alternative approach to procurement... the lack of quantitative data and evidenced cashable savings is worrying” (Fraser et al., 2016, p. 13). “The focus on measurement also raises significant questions about the attribution of outcomes to the actions of providers and financiers, and how any ‘SIB effect’ can adequately be interpreted and validated (Fox and Albertson 2011; Fitzgerald 2013; McHugh et al. 2013; Sinclair et al. 2014)” (Fraser et al., 2016, p. 13).

The cost of capital from private investors is higher than that for the government and complexity and expense of the partnership (in the reference model) may be not counterbalanced by enough benefits, making easier for public administrations directly to finance social programs (Mulgan et al., 2010) (Arena et al., 2016, p. 929).

A broad range of other contributions do not deviate from these conclusions. For whatever reasons, SIB pay-outs in the UK typically rely more on performance management information to demonstrate the achievement of outputs. We need to know what works and what doesn’t if SIBs are ever to be widely adopted (Fox, 2018). “The SIB reliance on program evaluation presents a multitude of problems, particularly the lack of existing service approaches with proven financial track records as well as the uncertainty that a multitude of different approaches will deliver results in combination (Fiennes, 2013)” (Joy and Shields, 2013, p. 47). For Peterborough, there was no comparison with a similar intervention using an alternative funding model. Since this SIB was used to fund a new service in the area, it was not possible to compare SIB-funded services with those previously funded

through other means (Disley et al., 2015, p. 20). There is “very little rigorous counterfactual comparison of SIBs versus alternative methods of finance to deliver the same service to the same type of users, and thus a lack of evidence of costs and benefits compared with the alternative approach to procurement... the lack of quantitative data and evidenced cashable savings is worrying” (Fraser et al., 2016, p. 13).

A recent blog post from the independently funded Oxford Outcomes Lab suggested that evaluations rarely explicitly or rigorously compare a SIB commissioning approach with a grant, fee-for-service or even in-house delivery for a given population. “(W)e cannot demonstrate, on the basis of existing evaluation evidence, that SIBs fulfil the many and varied promises that their champions make for them” (Carter and Fitzgerald, 2018). A more recent example is in a review of the Newcastle Social Determinants of Health SIB. Alongside the SIB “the local authority and CCG put resources into other social determinants of health programmes in other parts of the city, as well as in neighbouring cities” (Lowe et al., 2018, p. 7). But despite different delivery operations in adjacent areas, there is no comparison with results from these more traditional approaches.

The Myth of Innovation

Many SIB promoters hail their innovation potential. But a range of contributions shows significant deviation from initial promises. Both Peterborough and Rikers SIBs were hailed as being based on “solid research.” But little in the Peterborough SIB was innovative. “While these aspects of the (Peterborough) One Service were in many ways innovative, with the exception of the use of the SIB mechanism, these innovations were not necessarily a result of SIB funding, as other (non-SIB funded) initiatives have exhibited similar characteristics” (Disley et al., 2015, p. 8). In Rikers Island the innovative model was the Adolescent Behavioural Learning Experience (ABLE), “a cognitive behavioural therapy proven to reduce recidivism” (Warner, 2013, p. 312). Despite this, VERA Institute’s Adolescent Behaviour Learning Experience Impact Evaluation of Rikers showed that it made no difference at all (Parsons, Weiss et al. 2016). So despite their claimed basis of ‘solid research’, both Peterborough and Rikers ended with humble conclusions.

Many SIBs display only marginal compliance with any prototype. “SIBs implemented in practice are diverging from the SIB prototype especially by avoiding those elements that would allow the instrument to go beyond the traditional logic of public procurement for reengineering, and thus increasing the efficiency, of the public expenditure supply chain” (Arena et al., 2016, p. 934).

An analysis by Arena et al of 31 SIBs initiated between 2010 and 2015 shows that most deviated from the prototypical promises (Arena et al., 2016, p. 930). Firstly, despite contrary rhetoric, SIBs often do not finance highly innovative and risky programmes. Secondly, despite claimed outcome-orientation and flexibility of SIBs, some SIBs precisely define specific interventions. Third, few SIBs fully transfer risks to the private for-profit sector, since philanthropic foundations or governments provide a guarantee for investors (Arena et al., 2016, p. 934).

These paradoxes have been labelled the “charm of SIBs”, since “they enable several good things to happen at once that would otherwise be incompatible” and have “helped the SIB concept to gain popularity with various audiences, because the concept can be bent in one or the other direction, depending on the preferences of the audience and the situation at hand” (Maier et al., 2017, p. 16). But these paradoxes also show that the “path from generating evidence to making policies is not as linear and technically rational as proponents of SIBs have often implied” (Maier et al., 2017, p. 19). So, in practice, the substantial innovations claimed for many SIBs are rarely evident. “There is also an inherent contradiction between evidence-based intervention design and the promotion of innovation (NAO, 2015; McGahey and Willis, 2017). yet by definition PFS pays only for success”. To

achieve contracted outcomes, providers may focus “on interventions and service designs for which there is demonstrable evidence of impact - that is to say, existing interventions” (Albertson et al., 2018, p. 25). Based on an increasing body of evidence in the form of systematic reviews of ‘what works’, “providers may therefore be tempted to replicate existing interventions, rather than innovate” (Albertson et al., 2018, p. 27).

Neither PbR or SIB programmes in the UK have been strongly associated with innovation in service design. “SIBs have typically focused on scaling up or extending the reach of existing evidence-based programmes, and as such provide support to the movement for evidence-based policy and practice” (Albertson et al., 2018, p. 107). “We have found, as have others researching SIBs, that some interventions are relatively conventional in approach and/or are similar to other programmes which are not SIB funded” (Fox et al., 2017, p. 7). “The SIB/PbR incentive structure is such that it is likely innovation may be curtailed to those interventions for which an effective metric is available” Market pressures thus drive innovation towards interventions which are easiest to fund, rather than towards interventions which might lead to the greatest social benefit (Fox et al., 2017, p. 12).

It is also claimed that SIBs are innovative on account of their encouragement of third sector contributions. “(T)hey offer more financial stability to non-profit and voluntary sector organizations delivering these services... (Social Enterprise UK 2013; Leventhal 2012; Jackson 2013; Clark et al. 2014)” (Fraser et al., 2016, p. 7). But evaluations below show little evidence of enhanced third sector participation. “(T)he panel noted that many small-scale third sector organisations may be discouraged, or intimidated, from taking part in a SIB for a number of reasons, particularly the large-scale nature of SIBs and the implications of an outcomes-focus (eg. the degree to which providers might be pressurised to deliver outcomes)” (Fraser et al., 2018, p. 36). There is little evidence that PbR commissioning has increased the size of the social market. Instead, there is some evidence that the market is concentrating, with fewer providers (Albertson et al., 2018, p. 112).

There has been minimal third sector participation despite ongoing and often uncritical support for social investment and SIBs from its national organisations under both Labour and Conservative Government through the Social Economy Alliance, as shown in Appendix Two.

Conclusion

A series of evaluations and assessments above shows that a more cautious approach to SIBs is needed. The most recent – a Final Evaluation Report on nine ‘SIB Trailblazers in Health and Care’ concludes: “However, our data do not allow us to answer the question of whether SIBs are likely to be superior to other approaches to commissioning in the service areas chosen by the Trailblazers” (Fraser et al., 2018, p. 141).

Especially, the roles of policy entrepreneurs and intermediaries is frequently overlooked. SIBs’ high and hidden transaction costs, payments to investors, inflexible implementation, and loss of focus on vulnerable clients are significant. “Without the benefit of scaling up public investment and shifting policy, cities invite a Trojan horse of public value into their neediest communities when they implement a SIB” (Tse and Warner, 2018, p. 14). “The efficacy of the SIB/PbR approach ought not to be considered at a national, or even policy, level, but rather on a case by case basis (Fox et al., 2017, p. 17).

Fox et al ask how prevalent should SIB/PbR contracts be, when are PbR/SIB contracts appropriate and at what scale should they be? They also question whether transaction, governance and evaluation costs do not outweigh efficiency gains and how can real innovation be fostered without risking

viability of small providers? “We argue the potential of the SIB/PbR approach may not be as an innovative form of commissioning, but rather as an innovative form of enabling” (Fox et al., 2017, p. 19).

Because, as shown above, most of this is taking place below the public radar, the author looks forward to further empirical research to foster a wider understanding of SIBs. More recent examples include the London Homelessness SIB, where “52% of rough sleepers are non-UK citizens (Fitzpatrick, Pawson, Bramley, & Wilcox, 2011, p. 58). To achieve SIB outputs, rough sleepers are being deported. Understandably, this is generating interest and publicity across London (Corporate Watch, 2017). For the Essex Children’s Bond, “the contract and its negotiation then resulted in the SIB operating as an anti-market device, ruling out competition by establishing exclusivity of service to Multi Systemic Therapy and Action for Children over the course of the Social Impact Bond” (Neyland, 2018, p. 500). For the Newcastle Social Determinants of Health SIB, “The pressure of referral targets led, in some cases, to people being enrolled in the programme because they were easy to help, rather than those in need” (Lowe et al., 2018, p. 10).

Even if less than enthusiastic conclusions from evaluations and assessments do not generate wider public interest, the author anticipates that increasing mainstream media coverage of more empirical research into SIBs may fill some gaps in public awareness.

Appendix One: Chronology of UK SIB Developments with Political Origins

From 2000 till 2010, the following initiatives were all from Labour Governments or Labour supporting organisations, except for 2003 Bank of England Report:

April 2000 – Creation of ‘Social Investment Task Force’. Labour Chancellor sets up Task Force (SITF) under venture capitalist Ronald Cohen, as first steps towards private investment in public services. “To set out how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment” (Cohen and Social Investment Task Force, 2000, p. 3). The Task Force published ongoing reports throughout the Labour Government until 2010, which laid foundations for Conservative Government policies.

October 2000 – SITF Report “Enterprising Communities: Wealth Beyond Welfare: First Report to the Chancellor of the Exchequer from Social Investment Task Force” Recommends Community Development Venture Funds, Tax Credit and Support for Community Development Financial Institutions (Cohen and Social Investment Task Force, 2000, p. 4).

November 2000 HM Treasury Pre Budget Report. First mention of tax incentive for community investment – a “Community Investment Tax Credit” (Chancellor of Exchequer, 2000, para. 3.70).

2002 Peter Lloyd (University of Liverpool) Report to Social Enterprise Coalition. A significant external academic report, which projects roles for social enterprise and third sector delivery of public services. Includes commissioning and contracting within a framework which still broadly in place (Lloyd, 2002).

March 2003. DTI consultation document “Enterprise for Communities” and “Working Paper: Finance for CICs” and Proposals for a Community Interest Company (CIC). CICs represent an additional ‘layer’ for private Companies Limited by Shares and Companies Limited by Guarantee and others, with tradable shares and asset lock. This significant move from mutuals/collectives to indi-

vidually owned structures formed a basis for organisations which later deliver social investment and SIBs.

May 2003 “The Financing of Social Enterprises”: Special Report by Bank of England. “Problems in obtaining external finance were cited more often by social enterprises as a major barrier to expanding trading activity than any other barrier” (Bank of England, 2003, p. 29). This was a forerunner to loans.

July 2003. Social Investment Task Force 2003 Update “Enterprising Communities: Wealth Beyond Welfare” (Cohen and Social Investment Task Force, 2003) Update from 2000 recommendations on Community Investment Task Credit, Community Development Venture Funds, etc.

December 2003. Futurebuilders Fund Created (see Appendix Two). Consortium of Charity Bank, Unity Trust Bank, National Council for Voluntary Organisations and Northern Rock Foundation wins HM Treasury contract to deliver Futurebuilders. First major £215mn investment fund for social enterprise loans, moving government funding from grants to loans and equity (National Audit Office, 2009, p. 5).

July 2005. Social Investment Task Force 2005 Update “Enterprising Communities: Wealth Beyond Welfare” (Cohen and Social Investment Task Force, 2005). Further updates on developments recommenced in 2003 Report above.

January 2006. Department of Health creates internal Social Enterprise Unit. “Social Enterprises are business-like entrepreneurial organisations with primarily social objectives....In essence, Social Enterprises use business solutions to achieve public good” (Department of Health Social Enterprise Unit, 2007, p. 4). This Unit was specifically created for outsourcing laid foundations for social investment and SIBs in health and care delivery.

2006. Social Enterprise Unit functions move to Regional Development Agencies (RDAs). Social Enterprise Action Plan ‘Scaling New Heights’ transfers social enterprise policy to RDAs, with further £0.5mn support, thus mainstreaming third sector outsourcing of public service delivery.

February 2007. David Freud Report “Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work”. Though an independent report to Labour Secretary for Work and Pensions, Freud later became Conservative Government Minister. “Payment mechanisms would also need to create incentives to develop programmes across the spectrum of claimants and not to focus on a narrow group” (Freud, 2007, p. 9). Significant extension of payment by results, which forms basis for outsourced welfare programmes, later using SIBs.

2007. Social Enterprise Investment Fund (SEIF) established by the Department of Health. £100mn in three phases over four-years to support development of social enterprises in health and social care services (see Appendix Two)

2007. Council on Social Action, convened by Gordon Brown, Labour Chancellor. First Government mention of SIBs. “(S)ocial investors could be persuaded to take on implementation risk (the risk that given interventions will genuinely improve social outcomes) that has previously been borne by government” (Robinson et al., 2008, p. 24).

November 2008. Labour Government’s Dormant Bank Accounts Act. Leads to 2012 Conservative Government tasking Big Society Capital to manage £600mn from dormant bank accounts and “Merlin Banks”, later to become a ‘social investment wholesaler’ to fund SIBs (see Appendix Two).

2009. "Social Impact Bonds: Rethinking Finance for Social Outcomes." Highly influential Social Finance policy document, supporting Labour Government, promoting SIB arguments still in current use. (Social Finance set up Labour's first SIB in Peterborough). Highlighted preventative expenditure as minute percentage of overall expenditure on "deep rooted social issues." "Potential Social Impact Bond applications" foreshadowed policy areas where SIBs feature today (Social Finance, 2009, p. 5).

December 2009. Labour Government White Paper "Putting the Frontline First". First mention of SIBs in any Government White Paper "actively developing a pilot to use Social Impact Bonds to draw in new investment into third sector service provision" (HM Government and Byrne, 2009, p. 32).

April 2010. Peterborough SIB. Labour Government. Widely trailed first actual UK SIB. £11.25mn grant from Big Lottery to Social Finance as intermediary, with significant support from other organisations.

April 2010. Final Report of Social Investment Task Force. SIBs "developed to address these issues by enabling significant private investment in preventative interventions through social sector organisations" (Cohen and Social Investment Task Force, 2010, p. 18).

From 2010 till 2017, the following initiatives were all from Coalition or Conservative Governments, using Labour's original structures and proposals. Also shows national third sector organisations, which had supported Labour initiatives, continuing to support those from Conservatives:

February 2011. Conservative and Liberal Democrat Coalition White Paper, "Growing the Social Investment Market." Used many similar arguments from SITF Final Report and "Putting the Frontline First" 2009 Labour White Paper, including SIBs (Cabinet Office and HM Government, 2011, p. 30)

April 2012. Big Society Capital begins operations as social investment wholesale agent. Based on 2008 Labour Dormant Bank Accounts Act "Big Society Capital will grow the social investment market which blends financial return with positive social impact" (Cabinet Office, 2012). No significant political debate or Labour opposition.

2013. Department of Health promotes SIBs in 9 sites. 'SIB Trailblazers in Health and Social Care'. Labelled "SIB Trailblazers" above (Fraser et al., 2018, 2016). (See Figure One above).

June 2013. Social Economy Alliance launch at "Social Economy Summit" to influence Local Government and European Elections and 2015 UK General Election. Formed by Social Enterprise UK (main UK social enterprise organisation) and wide range of third sector organisations. Demonstrates accommodation of national third sector organisations within Coalition and Conservative Government policies for outsourcing public service delivery and furthering social investment.

2013 till 2017. Series of SIB Funds and Conservative Government and Big Lottery Support Funds (see Appendix One above). Funding SIB feasibility studies, infrastructure costs and payments to investors.

May 2017 General Election. 'Social Economy Alliance Manifesto for an Inclusive Economy' continued to support Government policies above for outsourcing to private and third sector organisations and social investment within a market economy (Social Economy Alliance, 2017, p. 4).

March 2017. Dormant Assets Commission. Arising from 2008 Labour Dormant Bank Accounts Act, Commission reports to Conservative Government on a further potential £2bn from dormant charity and other unclaimed assets, which may be “earmarked for good causes”. This significant extension for potential use of unclaimed assets to support Government target of £1bn of SIBs by the end of this Parliament – ie. five years (Wilson, 2016). No government consultation or implementation has yet taken place.

Appendix Two: Public Funding for SIBS and Social Investment (showing specific funding for SIBs and social investment from Government Departments, except Lottery where indicated)

Year of creation of the fund	Name of fund or financial instrument	Amount Committed /invested	Origin of money	Purpose	Sources
2004	Futurebuilders Fund	£215mn	HM Treasury	First major Government programme to support external investment in social enterprises to Improve third sector service delivery, offering mix of grants and loans from £30,000 to several million pounds to around 250 organisations over the next 3 years.	(Third Sector, 2004)
2007	Social Enterprise Investment Fund	£100mn in 3 phases over 4 years	Department of Health	<p>To support development of social enterprise in health and social care services. Evaluation of Fund reported "until 31 March 2011 a total investment of £80,712,510 was made by the SEIF (across 531 organisations)"</p> <p>SEIF later funded Department of Health "SIB Trailblazers" (see Figure One).</p>	<p>(Alcock et al., 2012, p. 4).</p> <p>(Policy Innovation Research Unit, 2015).</p>

2008	Dormant Bank Accounts Act		Provides platform for 2012 Big Society Capital	<p>“Act enables banks and building societies...to transfer money held in dormant accounts to a central reclaim fund”.</p> <p>Reclaim Fund is responsible for managing money, meeting reclaims and passing on surplus money for reinvestment in community through Big Lottery Fund.</p>	(Cabinet Office, 2014a)
November 2011	“Next Steps: Supporting Social Investment in England”	£6mn	Big Lottery	Further Government encouragement for Lottery to provide support for social investment and SIBs.	(Big Lottery, 2011).
April 2012	Big Society Capital	£600mn	<p>£400mn under 2008 Dormant Bank Accounts Act.</p> <p>£200mn from “Merlin” Banks (Merlin terms agreed in 2008 Government rescue package)</p>	<p>Social Investment wholesaler, including funding for SIBs</p> <p>Will grow social investment market which blends financial return with positive social impact</p>	(Cabinet Office, 2012)

2012	Innovation Fund (IF)	£30mn	Department of Work and Pensions	“Rate card” SIBs, with providers paid for 9 outcomes. Aimed to increase employment prospects of 14 to 24 year olds at risk or disadvantage, through commissioning 10 SIBs in 2 funding rounds (see Figure One above)	(Thomas et al., 2016, p. 1)
May 2012	Investment and Contract Readiness Fund	£10mn increased to £13.2mn.	Cabinet Office	Grants up to £150k to purchase up to “20 months contract-readiness support.” ICRF evaluation reported 155 social ventures received £13.2mn grants to help them get investment and become contract ready.	(Ronicle and Fox, 2016)
July 2012	Social Incubator Fund	£10mn	Cabinet Office	To strengthen “growing social investment market by providing start-ups with intensive support to enable them to take advantage of social investment opportunities so they better serve communities and people most in need”	(Cabinet Office, 2014b)

July 2013	Social Outcomes Fund	£20mn	Cabinet Office	Can fund 20% of SIB outcome payments	(Cabinet Office, 2014b)
	Commissioning Better Outcomes Fund	£40mn	Big Lottery	Joint mission to support development of more SIBs. Available to pay for a proportion of outcomes payments for SIBs in complex policy areas, as well as support to develop robust proposals	(Big Lottery Fund, 2017, 2013; Cabinet Office, 2013)
February 2014	Big Potential Fund	£10mn	Big Lottery	For voluntary, community and social enterprises (VCSEs) to access grant funding of between £20,000 and £75,000. "To raise awareness of the social investment market and support voluntary, community and social enterprise organisations to prepare for social investment"	(Albertson et al., 2018, p. 57). (Hazenbergh, 2015, p. 4)
2014	Social Investment Tax Relief (SITF)		HM Treasury	30% tax break to individual investors in eligible 'social' organisations - Special Purpose Vehicles (SPVs) set up to manage SIBs if registered with Cabinet Office as 'Social Impact Contractor'.	(Big Society Capital, 2017, p. 3)
April 2014	Youth Engagement Fund	£30mn	Cabinet Office	SIBs for youth unemployment and homelessness.	(Cabinet Office, 2015)

December 2014.	Fair Chance Fund Single Homeless Fund	£15mn £8mn	Cabinet Office Department of Communities and Local Government	Payment by results funds for projects £500k to £3mn. Contributes to SIB outcome payments. To fund 7 SIBs to tackle youth homelessness by supporting vulnerable 18-24-years olds into accommodation and employment or training.	(Cabinet Office, 2014c)
October 2014	Social Ventures Fund	£1.5mn	Cabinet Office	Grants of £15,000 to £150,000 until late January 2015 to help organisations to build their infrastructure and skills and showcase their impact”	(Cabinet Office, 2014c)
2015	Creation of “Access: The Foundation for Social Investment”	More than £100mn	Big Lottery Big Society Capital Department of Culture, Media and Sport (DCMS)	Grants and loans to social enterprises seeking investments of £150,000 or less, with £60mn to support investment readiness and market infrastructure. Now a major social investment support programme	(Access Foundation, 2018)
January 2015	Big Potential Advanced Fund	£10mn	Big Lottery	For supporting “more organisationally developed sections of the Voluntary, Community and Social Enterprise (VCSE) sector to access social investment (amounts larger than £500,000) and/or large public service delivery contracts (in excess of £1mn).	(Peart, 2014)

July 2016	Life Chances Fund	£80mn	Cabinet Office (now DCMS)	SIBs for young people, early years, healthy lives, older people's services. Up to 20% contribution to outcomes payments. "Locally commissioned to tackle complex social problems"	(Cabinet Office, 2016b)
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